

Message Text

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67

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DRC-01 /089 W

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R 210732Z AUG 73

FM AMCONSUL MEDAN

TO SECSTATE WASHDC 0398

INFO AMEMBASSY JAKARTA

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E.O. 11652 GDS

TAGS: BTRA

SUBJECT: TIMBER INVESTMENT BY LANAO EXPOER CORP.

REF: STATE 157655, MEDAN 0236 AND 0239

SUMMARY. CONOFF VISITED EAST ACEH SITE OF WIRALANAO OPERATIONS AND TALKED TO COMPANY OFFICIALS, EX-EMPLOYEES, AND EMPLOYEES OF NEIGHBORING ASAMERA OIL COMPANY. WIRALANAO IN DESPERATE STRAITS WITH 75 PERCENT EQUIPMENT BROKEN DOWN, EMPLOYEE MORALE ZERO, AND OPERATING FUNDS NON-EXISTENT. SITUATION IN LARGE PART ATTRIBUTABLE TO DUTCH MANAGER, APPOINTED BY CABELL, PRESIDENT LANAO EXPORT CORP. IT UNANIMOUS OPINION OF ALL CONTACTED THAT DUTCH MANAGER UNMITIGATED DISASTER AND LUCKY TO GET OUT OF ACEH WITH HIS LIFE. END SUMMARY.

1. COMPANY WHICH IS JOINT VENTURE OF PT WIRACAKRA AND MANILA-BASED SECTION LANAO CORP. OPERATED SATISFACTORILY UNDER DIRECTION OF A MR. DUDLEY, LANAO'S PHILIPPINE BASED MANAGER, UNTIL HIS DEATH IN JANUARY 1972. AFTER THAT, DUDLEY'S WIDOW AND CABELL APPARENTLY OUSTED BLAINE GARDNER, VICE PRESIDENT APPOINTED BY DUDLEY. AT ABOUT SAME TIME AS OUSTER, WIRALANAO CEASED TO RECEIVE OPERATING FUNDS FROM PARENT COMPANY. IT BECAME IMPOSSIBLE FOR WIRALANAO TO REPAIR ITS EQUIPMENT. FOLLOWING MAJOR PIECES EQUIPMENT INOPERABLE FOR PAST 6-9 MONTHS: 1 CATERPILLAR D-8 TRACTOR, 2 CATERPILLAR

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D-7 TRACTORS, 8 PACIFIC LOG TRUCKS, AND ASSORTED LOG SKIDDERS.

2. IN LATE 1972-EARLY 1973, CABELL VISITED OPERATION AND BROUGHT IN JAKR R. DE BEYER AS MANAGER. DE BEYER IS DUTCH NATIONAL WHO IN 1947 FOUGHT WITH DUTCH IN AREA OF PRESENT OPERATION. HE SPEAKS FLUENT INDONESIA, UNFORTUNATELY IN HIS CASE, BECAUSE HE HAS RETAINED ALL COLONIAL ATTITUDES TOWARD INDONESIANS. THE ACEHENESE WITH WHOM HE WAS EXPECTED TO WORK TEND TO BE ZENOPHOBIC AT BEST, PARTICULARLY TOWARD DUTCH, WHOSE OCCUPATION THEY REMEMBER WITH HATRED. NOT SURPRISINGLY SABOTAGE SOON FOLLOWED AND ON ONE OCCASION DE BEYER WAS BEATEN UP BY ACEHENESE EMPLOYEE. DE BEYER ALSO QUICKLY DESTROYED HARMONIOUS WORKING RELATIONSHIP BETWEEN HIS FIRM AND ASAMERA INDONESIA LTD., CANADIAN OIL FIRM DRILLING ON SAME LAND. ACEHENESE AUTHORITIES REVOKED DE BEYER'S STAY PERMIT ON AUGUST 2 AND HE LEFT INDONESIA FOR KUALA LUMPUR, JUST AHEAD OF PARANGS. REVOCATION PROMPTED BY OFFICIAL FEARS OF INCIDENT SIMILAR TO ONE IN WHICH CANADIAN EMPLOYEE OF FOREIGN OIL COMPANY HACKED TO DEATH BY A BESERK ACEHENESE IN JANUARY 1973. COMMENT: THIS VENTURE IN DEEP TROUBLE. IT WILL TAKE MAJOR EFFORT AND EXPENDITURE OF FUNDS TO RESURRECT WIRALANAO AND US INVESTORS SHOULD CAREFULLY CONSIDER WHETHER THEY ARE NOT IN FACT THROWING GOOD MONEY AFTER BAD. SENDING DE BEYER THERE WAS APPROXIMATELY LIKE SENDING GRAND DRAGON OF KLAN TO NEGOTIATE WITH BLACK PANTHERS. FAIRLY CLEAR IT WOULD BE UNWISE FOR USG TO ASSOCIATE ITSELF WITH EFFORTS TO BRING DE BEYER BACK INTO ACEH.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MEDAN00244
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MEDAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730825/aaaaasie.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 157655, MEDAN 0236 AND 0239
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Nov-2001 by kelleyw0>; APPROVED <17-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TIMBER INVESTMENT BY LANAO EXPOER CORP.
TAGS: BTRA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005